

STATE OF VERMONT

AGENCY OF ADMINISTRATION

BULLETIN NO. 5.5

POLICY FOR ISSUING AND MONITORING GRANTS OF STATE FUNDS

ISSUED BY: Michael K. Smith, Secretary of Administration

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I. POLICY AND PURPOSE

Introduction: This bulletin promulgates the policies and procedures governing the issuing of State grant funds to grantees.

Background: State funds are the most fluid and scarce of all the assets belonging to the citizens of the State of Vermont. The need for accountability to the citizenry as to how these funds are spent, ensuring they are spent in accordance with the law, is the responsibility of all government employees. State funds are appropriated by the General Assembly to fund all aspects of governmental operations as well as provide for the needs of the people of the State. Funds are appropriated under various categories including personal services, operating expenses, and grants. The highest level of control and accountability rests with appropriations for personal services and operating expenses as these appropriations fund the ongoing operations of government itself. Grants represent funds not expended directly by state agencies and departments for specific purposes. The grants category is one area where the span of control over actual spending is minimal due to the fact that its spending is occurring outside the State's direct sphere of control. Therefore there is a need to monitor this spending to ensure that it is occurring as directed by law, within the terms of the grant agreement and as agreed to by the grantee.

Policy Statement: It is the policy of the State of Vermont that all distributions of state funds classified in law as "grants" or as defined in this policy, be tracked and monitored by the granting state entity to ensure the proper use and protection of taxpayer resources in conformity with law, in accordance with the terms and guidelines contained in the grant agreement document, and in a manner consistent with a written state-funded grants plan.

Summary: Under this Bulletin it is recommended that agencies use a standardized grant agreement that will include a Scope of Work to be Performed, Payment Provisions, Customary Provisions as well as any special conditions imposed by state granting agencies. In circumstances where a modified or non-standardized grant agreement is deemed necessary, the Agency is responsible for having the agreement reviewed as to form by their in-house legal counsel or the Attorney General's office. Agencies are also required to establish a written state-funded grants plan containing agency-specific procedures which detail granting and monitoring activities in accordance with the provisions of this policy. These plans must be approved by the Secretary of Administration or designee (Secretary).

Additionally, for specific classes of grants exhibiting characteristics which cannot reasonably be accommodated within the requirements of this Bulletin, the Secretary may approve a written state-funded grants plan that provides an acceptable alternative to any requirement of this Bulletin.

All grantors are required to comply with the standards set forth in this bulletin, which shall be in effect for all grants of state funds, except those specifically excluded by the approval of the Secretary. **Where a particular grant agreement contains funds from a combination of federal and state sources, Agency of Administration Bulletin 5 shall apply.**

Conflict of Interest: Employees with a conflict of interest shall not be permitted to control or influence the award of grants. This applies to members of any boards who are involved in any review or selection process for grants.

Waivers : The Secretary may waive provisions of this Bulletin on a case-by-case basis pursuant to a written request from a supervisor. Any such request must describe in detail the basis for the request and the specific component(s) of the granting process for which the waiver is sought and must be granted prior to the signing of the grant agreement by either the state or the grantee. Copies of any and all waivers approved must be included in the grant file.

II. DEFINITIONS

As used in this Bulletin:

Agency means an agency, department, division, board or other administrative unit of the Executive Branch, including the constitutional offices as well as those having express statutory authority to enter into grants.

Conflict of Interest means a pecuniary interest of an employee in the award or performance of the grant, or such an interest, known to the employee, by a member of his /her immediate family or household or a business associate. Additionally, every effort should be made to avoid the "appearance" of a conflict of interest in the granting process. An appearance of a conflict is anything that would lead a reasonable person to question whether this grantee was selected for improper reasons.

Contract means any legally enforceable agreement between an agency and another legal entity to provide services and/or products. The term contract includes all such agreements whether or not characterized as a "contract," "agreement," "miscellaneous agreement," "letter of agreement," or other similar term.

Grant means a legally enforceable agreement between an agency (grantor) and a recipient (grantee) to carry out a purpose(s) as defined in a grant agreement and grant-like situations.

Grantee means an entity that expends awards received from a grantor to carry out a purpose, but does not include an individual that is a beneficiary of such a program. Guidance on distinguishing between a grantee and a vendor is provided in [Section IV Grantee/Vendor Determination](#) of this document.

Grantor or Granting Agency means an organization that passes on state funds classified in the law as "grants" to another entity to carry out a purpose.

Products shall be broadly interpreted and includes equipment, materials, supplies, printing, and other commodities. The term also applies to the lease and lease-purchase of equipment such as computers, copiers and/or other office machinery.

Services shall be broadly interpreted and includes personal and professional services provided by an individual or individuals working for a business enterprise; construction services; design and engineering services; real estate services and the maintenance of equipment.

Supervisor means any secretary, commissioner, executive director, independent constitutional officer or other head of an agency.

Secretary means the Secretary of Administration or designee.

Vendor means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a state-funded program. These goods or services may be for an organization's own use or for the use of beneficiaries of the state funded program. Additional guidance on distinguishing between a grantee and a vendor is provided in [Section IV – Grantee/Vendor Determination](#) of this document.

III. RESPONSIBILITIES

A. Grantor

A grantor of state funds is responsible to distribute funds appropriated by the General Assembly in the manner prescribed by law or as indicated by the General Assembly during the appropriations process. It is the responsibility of the Grantor, depending on the type of grant being awarded, to properly develop and administer any formula associated with formula grants; to properly advertise, evaluate, and award discretionary grants and reimbursable grants; and to distribute pass-through and entitlement grants as required by law.

The Grantor should inform potential grantees of all requirements of the grant award, including insurance requirements, during the grant application process. Please refer to [Section VII, Paragraph A](#) of this document for additional information pertaining to insurance and insurance waivers.

For all grants subject to this policy, the Grantor must enter into a grant agreement with the Grantee outlining all requirements including services to be rendered, payment provisions, reporting requirements, and any other requirements required as part of accepting state funds as a grant. The Grantor must monitor the Grantee's use of the funds in accordance with this policy and its own approved monitoring plan.

B. Grantee

A grantee is a recipient of state funds engaged to perform the services or activities described in the grant agreement. It must ensure that when performing those services or activities, it complies with all of the requirements of the grant agreement. A grantee should set up systems for managing the grant activities. A grantee shall be able to demonstrate that the money has been spent according to grant requirements and to produce financial reports and supporting documentation if required.

The grantee must also ensure that it complies with any public policy requirements included in the grant agreement. Those requirements will include state requirements and may also include additional requirements imposed by the grantor. To ensure compliance, the grantee should establish internal policies and properly train its staff, if applicable.

IV. GRANTEE/VENDOR DETERMINATION

An organization or individual may be a grantee (or recipient) and a vendor. The payments for goods or services provided as a vendor are not considered state grant awards.

A. Definition of Grantee

Modifying the federal definition in OMB Circular A-133, Section 105, a grantee is defined as a non-state entity that expends state funds received from a state granting agency to carry out a state program, but does not include an individual that is a beneficiary of such a program.

B. Definition of Vendor

Modifying the federal definition in OMB Circular A-133, Section 105, a vendor is a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a State program. These goods or services may be for an organization's own use or for the use of beneficiaries of the State program.

C. Basic Considerations

OMB Circular A-133, Section 210 lists the following general characteristics of a subrecipient and of a vendor. Following the federal distinctions, and renaming "subrecipient" to grantee, the guidance in the following table should be considered in determining whether payments constitute a grant of state funds or a vendor payment for goods and services.

Grantee	Vendor
Determines who is eligible to receive what state financial assistance.	Provides the goods and services within normal business operations.
Its performance is measured against whether the objectives of the state program are met.	Provides similar goods or services to many different purchasers.
Has responsibility for programmatic decision making.	Operates in a competitive environment.
Has responsibility for adherence to applicable state program compliance requirements.	Provides goods or services that are ancillary to the operation of the state program.
Uses the state funds to carry out a program of the organization as compared to providing goods or services for a program.	May not be subject to compliance requirements.

The grantor can review the features of each agreement to determine whether it appears more like a purchase or a grant. Following is a list of some of the many characteristics that can be considered.

1. *Competition*. Procurement contracts will usually be issued based on free and open competition.
2. *Multiple awards*. Grant awards are usually issued to multiple grantees, whereas purchase contracts usually select only one vendor to provide the required goods or services.
3. *Elements of cost*. Grantees normally are reimbursed only for incurred allowable cost, while vendors are paid some amount above cost (profit).
4. *Risk*. Vendors assume most of the risk for performance on a contract.
5. *Cost participation*. Grantees are many times required to provide matching funds or share in the cost of a grant program, whereas cost sharing would be highly unlikely in vendor agreements.
6. *Purpose*. In a grant, the grantee is providing assistance to the state granting agency for that agency's program, whereas in a vendor contract the State is obtaining goods or services for its own purpose.
7. *Scope of Services*. For vendor procurements, the goods or services being purchased are normally spelled out in the contract. In a grant transaction, however, only the program details are identified in the grant document.
8. *Terms and Conditions*. Special terms and conditions may be imposed unilaterally by the grantor on its grantees. For procurement contracts, however, special terms and conditions are usually not included, or, if included, the vendor must agree to them at the time of the contract.
9. *Ownership of property*. When a grantee purchases real or personal property with state funds, the state granting agency may retain an interest in the property. If the property is subsequently sold or the program is discontinued, the net proceeds from the sale of the property or the property itself usually must be returned to the grantor. For vendor contracts, where the vendor purchases equipment to assist in providing the goods or services, the vendor usually retains title to such property.

V. GRANT CLASSIFICATIONS

State funds, classified in the law as grants or as defined in this policy, are awarded to grantees in many different ways. For purposes of this policy, the following types of grants are defined:

Formula Grants. Funds may be distributed as part of a mandated formula whereby parameters are established by the General Assembly and available funds are distributed to a set population for purposes following these parameters. Such grants are considered “formula grants.”

Discretionary Grants. Funds may be distributed based on the discretion of the granting agency. In such cases, grant applicants apply directly to the granting agency and are selected to receive funds, often in a competitive environment. Such grants are considered “discretionary grants”.

Entitlement Grants. Certain payments are required by statute as reimbursement, in whole or in part, for services that are mandated to be provided to eligible populations, such as special education services. As such, funds are distributed to grantees based upon statute whereby prior application or review by the state granting agency is not required. Although the grantee must spend the funds on defined activities, it is not usually possible or appropriate for a grant agreement to be established in advance. These grants are known as “entitlement” grants.

Reimbursement Grants. Funds are distributed as a reimbursement of actual expenses incurred or services provided by the grantee in the performance of program functions outlined in the grant. In these cases, applicants apply to the granting agency and are awarded a set amount which is the maximum limiting authority to spend. As long as it can be demonstrated that the funds have been properly expended, the granting agency will authorize reimbursement to the grantee. (It should also be noted that the payment mechanism for other grant types described in this section may also be on a reimbursement basis.)

Pass-Through Grants. Funds may be directly granted to an entity or group of recipients by the General Assembly and are passed through the granting agency with little or no involvement required of the granting agency beyond merely passing the funds on to the ultimate recipient. These grants are known as “pass-through” grants.

VI. SUB-GRANTING

Grantees that are granted state funds may choose or be required to sub-grant these funds to other organizations. Funds may be passed through to their own sub-grantees only with prior written approval of the State granting entity. Grantees must advise their sub-grantees of requirements imposed on them by state laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the grantor. Sub-grantees must also set up a plan for monitoring those grantees’ use of the funds. In all cases, the ultimate responsibility for the proper spending of these funds remains with the original grantor.

VII. GRANT DRAFTING

A. Drafting the Grant Agreement

Grants of any amount must be in writing. Each grant must:

1. Describe the scope of services to be performed or products to be delivered by the grantee, including the schedule for performance and applicable standards by which the grantee's performance will be measured.
2. Specify a maximum amount of money to be paid by the State under the grant.
3. Describe how, when, and for what the grantee will be paid.
4. Be assigned a unique Grant Agreement Number using the Grantor's Business Unit Number as the first digits in the grant agreement number.
5. Describe all programmatic and financial reporting requirements of the grant, including any applicable performance reporting requirements.

A Standard Grant Agreement form and all attachments is available on the VISION Web page (which can be accessed via the Department of Finance and Management's webpage on www.vermont.gov) and in Appendix I through V of this document.

When a grant extends for more than one page, each page should be numbered sequentially and the total number of pages should be noted on each page, (e.g., "Page 3 of 6").

Insurance – (*This only applies to grantees who are not State of Vermont agencies*). It is very important that appropriate insurance be included in the grant agreements with non-state entities to protect the State's interests. Standard insurance coverage provisions are included in Attachment C and are intended to cover most of the situations encountered. However, there may be a need for additional types of insurance, depending on the circumstances, e.g. professional liability insurance, and/or for higher insurance limits when relatively dangerous or hazardous activities are contemplated. Agencies should consult with the Director of Risk Management for guidance in such instances.

Insurance Waivers –There may be instances in which insurance limits may be reduced or eliminated altogether from the grant agreement. Such modifications, however, may only be undertaken with a waiver from either the Director of Risk Management or the Attorney General. The decision to grant such waivers is at the discretion of the Director of Risk Management or the Attorney General. A "Request to Modify Insurance Requirements" form is published on the VISION web page, which can be accessed via the Department of Finance and Management's webpage on www.vermont.gov. Granting departments can make this form available to potential grantees as necessary. (Refer to [Section III, Paragraph A](#) of this document for a description of the responsibility of granting departments to notify potential grantees of insurance requirements.)

B. Grant Document Formats

For grants of \$25,000 or less, formats can be brief. An adequate small grant agreement could consist of a single sheet, labeled "Grant Agreement", stating the parties and the essential terms and with Attachment C (Customary State Grant Provisions) attached. (See [APPENDIX IV](#)) The essential terms are the work to be performed or products to be purchased, the beginning and ending dates, the amount payable, payment provisions, and reporting requirements.

For one time grants under \$10,000, only the "Grant Agreement" stating the parties and the essential terms are necessary. The essential terms are the work to be performed or products to be purchased, the beginning and ending dates, the amount payable, payment provisions, and reporting requirements. Attachment C is not required.

For grants greater than \$25,000, it is recommended, in the interests of consistency, that standard forms be utilized, including Attachment C. (See [APPENDIX I](#))

When the complexity or other aspects of a grant agreement dictate use of other than the Standard State Grant Agreement form, a state granting agency must ensure that all the terms in the Standard Grant Agreement (and its Customary Provisions) or suitable substitute provisions are utilized. The tax status certifications, child support, and equal opportunity clauses are particularly important, as they are statutorily required. It is not permissible to include a clause restricting the ability of the grantee to hire state employees, without prior permission of the Department of Human Resources.

For grants with other State agencies, agreements may be in a Memorandum of Understanding or other similar format. This document must include, at minimum, items 1 through 5 of [Section VII, Paragraph A](#) of this document. Although certain provisions of this policy may not apply to a particular grant to another State agency, the Grantor still has the responsibility of monitoring and oversight of these grantees.

C. Prior Approvals

An agency that wishes to obtain prior approval of a grant agreement from the Attorney General may do so at its discretion.

VIII. GRANT EXECUTION, REQUISITE RECORDS

A. Execution

A grant agreement must be signed by the appropriate supervisor or his/her designee, consistent with Agency of Administration Bulletin 3.3 relating to signature authorizations. A grant agreement will not be executed until copies of all required insurance certificates have been received by the grantor, or a "Request to Modify Insurance Requirements" form has been received and approved.

After a grant agreement has been fully executed, the agency should deliver a copy of the entire agreement, as executed, to the grantee.

B. Records

The grantor must maintain an up-to-date grant file that is an official public record. For all grants, agencies must keep the following records on file, as public records, as defined in VISION Procedure 2:

- 1) The signed original grant agreement and all amendments to the original agreement.
- 2) All financial and programmatic reports required to be filed by the grantee.
- 3) Documentation of monitoring activities performed by the grantor.

IX. PAYMENTS TO GRANTEES

Payments will be made to grantees based on the payment provisions outlined in the grant agreement. Provisions will vary depending on the nature of the grant award. For example, payments for reimbursable grants will normally occur after the grantee incurs the expense or obligation and has provided the required documentation to the grantor to support the request for payment. Conversely, formula grants may be distributed in total at the start of the grant period or in lesser amounts throughout the grant period. The exact schedule will be outlined in the payment provisions of the grant. The original invoice from the grantee will be retained in the grantor's files for future review. All payments must include the grant number in the invoice number field of the VISION voucher.

X. State-Funded Grants Plan

All agencies and departments will develop a written plan describing the policies, procedures and monitoring activities they will utilize to ensure compliance with the requirements of this Bulletin. These plans and all subsequent revisions must be approved by the Secretary.

It is the responsibility of the granting agencies to develop adequate and appropriate written monitoring requirements for all grants awarded to grantees. "Adequate and appropriate" will depend on the type of grant being awarded, the dollar amount being awarded, and the organizational and financial condition of the grantee. Monitoring can be anything from a letter certifying that the funds were spent in accordance with the grant agreement, to on-site visits to the grantee, to the submission of an independent financial or programmatic audit. The type of monitoring required will be dependent upon the parameters of the grant being awarded.

As the granting agency is the one who best knows and understands the various types of grants being awarded, the purpose of the grants, and the organizational and financial condition of the grantees, each granting agency is required to draft, adopt, and maintain a written monitoring policy and procedure to be followed for any and all grants awarded as part of its State-Funded Grants Plan. The policy can be as detailed as appropriate, to meet auditing requirements and to verify compliance with the standards of this bulletin.

XI. ANNUAL REVIEWS

In order to promote compliance with the provisions of this bulletin, Finance and Management will conduct management reviews of performance relative to the policy and requirements herein.

The results of such reviews are subject to public disclosure.

APPENDIX I

State of Vermont
Standard Grant Agreement

Agreement

Parties: This is a Grant Agreement between the State of Vermont, Department of _____, Division of _____ (hereinafter called "State"), and _____ with principal place of business at _____, (hereinafter called "Grantee"). Grantee's Vermont Department of Taxes Business Account Number is: # _____. If grantee does not have a Business Account Number, it is the Grantee's responsibility to contact the Vermont Department of Taxes to determine if, by law, the Grantee is required to have a Vermont Department of Taxes Business Account Number.

Subject Matter: The subject matter of this Grant Agreement is _____. Detailed services to be provided by the Grantee are described in Attachment A.

Maximum Amount: In consideration of the services to be performed by Grantee, the State agrees to pay Grantee, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$ _____.00.

Grant Term: The period of Grantee's performance shall begin on _____, 20____ and end on _____, 20____.

Source of Funds: State _____% Other _____%

Amendment: No changes, modifications, or amendments in the terms and conditions of this Grant Agreement shall be effective unless reduced to writing, numbered, and signed by the duly authorized representative of the State and Grantee.

Cancellation: This Grant Agreement may be suspended or cancelled by either party by giving written notice at least ____ days in advance.

Contact persons: The Grantee's contact person for this award is: Name _____; Telephone Number _____; E-mail address _____.

The Grantor's contact person for this award is: Name _____; Telephone Number _____; E-mail address _____.

Attachments: This Grant consists of _____ pages including the following attachments that are incorporated herein:

- Attachment A - Scope of Work to be Performed
- Attachment B - Payment Provisions
- Attachment C - Customary State Grant Provisions
- Attachment D - Other Provisions

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS GRANT AGREEMENT.

STATE OF VERMONT

GRANTEE

by:

by:

Commissioner

Department of _____

Date: _____

Name:

(Print)

Address:

Fed ID/SS#:

Date: _____

APPENDIX II

GUIDELINES FOR ATTACHMENT A SCOPE OF WORK TO BE PERFORMED

Attachment A of a Standard State Grant Agreement describes the nature and extent of the Grantee's obligations. This is the most important part of the agreement. To avoid problems later, you should make the description clear, unambiguous and complete. Specify all performances and products to be delivered. Avoid "legalese"; plain English is sufficient and preferred.

The following checklist should be helpful in writing specifications:

1. Does the work statement let the grantee know what is ahead? Is it specific enough to allow the grantee to make a list of human resources and, if necessary, special facilities, equipment, subcontracts and/or consultants needed to accomplish the work?
2. Is general and background information separated from directions to the grantee and required performance? The minimum that the grantee is expected to do should be clearly described.
3. Have the granting agency's responsibilities to the grantee been clearly identified? If not, the state could find it more difficult to enforce its rights under the grant agreement.
4. Will it be possible to measure performance? Are the end results and specific duties of the grantee stated in such a way that he/she/it knows what is required and the grantor official who orders payment can tell whether payment is due? Have the type and quantity of reports required of the grantee (technical, financial, progress, etc.) been described and specified? Is there a date for each task or outcome the grantee must deliver?

APPENDIX III

GUIDELINES FOR ATTACHMENT B PAYMENT PROVISIONS

The main body of the Standard State Grant Agreement simply states the maximum amount to be paid. Attachment B describes payments in more detail. Attachment B should tell the grantee:

1. On what basis payment will be made;
2. What bills, invoices or other proof of work the grantee must submit before being paid;
3. When and how much the grantee will be paid, and what deductions will be made from payments; and

Payments can be made periodically, upon completion of specific tasks, by percentage of the total grant performance, or by some combination of these methods. As a general rule, payments should be made only after work has been completed and delivered. One reason for this policy is the possibility of default and insolvency. An agency may not be able to recover its money from a grantee in receipt of a large prior payment and then having filed for bankruptcy. Also, if the grantee breaches the grant agreement, a prior payment may not be recoverable without filing a lawsuit. However, when advances of funds are deemed appropriate, a clause requiring the return of unspent grant funds at the end of the grant period must be included.

Most grants provide for periodic payments, usually monthly or quarterly. To document work performed and to remind the agency to make payments, most grants require the grantee to submit both a financial statement and program progress report, showing the amount of work accomplished during the work period. A more complicated provision provides for "progress payments", or payments made on completion of designated steps. A progress payment might be made, for example, when a preliminary report is submitted and accepted. Such a payment provision should define carefully what the grantee must finish to be entitled to each intermediate payment.

Progress payments are useful because they require a grantor to examine the work being done; but they also have pitfalls. When writing these provisions, make the steps realistic estimates of the way the work will be performed.

APPENDIX IV

GUIDELINES FOR ATTACHMENT C PREPRINTED CUSTOMARY PROVISIONS

Below is a sample of a preprinted form containing Customary Provisions to be used in state grant agreements. The Customary Provisions form normally will be included in its entirety in an agreement as Attachment C.

All personal services grant agreements should require basic insurance coverage and limits. (See Attachment D for professional liability and owner's protective liability insurance provisions). Exceptions must be reviewed and approved in advance by either the Attorney General or the Risk Management Division. In no case should coverage or limit requirements be reduced in the case of direct client care.

ATTACHMENT C CUSTOMARY GRANT PROVISIONS

1. **Entire Agreement:** This Grant Agreement represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This Grant Agreement will be governed by the laws of the State of Vermont.
3. **Appropriations:** If this Grant Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Grant, the State may suspend or cancel this Grant at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority.
4. **No Employee Benefits For Grantees:** The Grantee understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, workers' compensation or other benefits or services available to State employees, nor will the State withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Grant Agreement. The Grantee understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Grantee, and that information as to grant income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes, where required.
5. **Independence, Liability:** The Grantee will act in an independent capacity and not as officers or employees of the State. The Grantee shall indemnify, defend and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Grantee's acts and/or omissions in the performance of this Grant.

6. **Insurance:** Before commencing work on this grant the Grantee must provide certificates of insurance to show that the following minimum insurance coverage is in effect. It is the responsibility of the Grantee to maintain current certificates of insurance on file with the State through the term of the grant.

Workers' Compensation: With respect to all operations performed, the grantee shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the grant, the grantee shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations
Products and completed Operations
Personal Injury Liability
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence
\$1,000,000 General Aggregate
\$1,000,000 Products / completed products aggregate
\$ 50,000 Fire Legal Liability

Automotive Liability: The Grantee shall carry automotive liability insurance covering all owned, non-owned and hired vehicles, used in connection with the grant. Limits of coverage shall not be less than:

\$1,000,000 Combined single limit

No warranty is made that the coverage and limits listed herein are adequate to cover and protect the interests of the Grantee for the Grantee's operations. These are solely minimums that have been set to protect the interests of the State.

7. **Reliance by the State on Representations:** All payments by the State under this Grant Agreement will be made in reliance upon the accuracy of all prior representations by the Grantee, including but not limited to bills, invoices, progress reports and other proofs of work.
8. **Records Available for Audit:** The Grantee will maintain all books, documents, payroll papers, accounting records, correspondence, and other evidence pertaining to costs incurred under this Grant Agreement and make them available at reasonable times during the period of the Grant and for three years thereafter for inspection by any authorized representatives of the State. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Grant Agreement.

- 9. Fair Employment Practices and Americans with Disabilities Act:** Grantee agrees to comply with the requirement of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Grantee shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990 that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Grantee under this Grant Agreement. Grantee further agrees to include this provision in all sub-grants.
- 10. Set Off:** The State may set off any sums which the Grantee owes the State against any sums due the Grantee under this Grant Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.
- 11. Taxes Due To The State:**
- a. Grantee understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
 - b. Grantee certifies under the pains and penalties of perjury that, as of the date the Grant Agreement is signed, the Grantee is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
 - c. Grantee understands that any payment under this Grant Agreement may be withheld if the Commissioner of Taxes determines that the Grantee is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
 - d. Grantee also understands the State may off-set taxes (and related penalties, interest, and fees) due to the State of Vermont, but only if the Grantee has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Grantee has no further legal recourse to contest the amounts due.
- 12. Child Support:** (Applicable if the Grantee is a natural person, not a corporation or partnership.) Grantee states that, as of the date the Grant Agreement is signed, he/she:
- a. is not under any obligation to pay child support; or
 - b. is under such an obligation and is in good standing with respect to that obligation; or
 - c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Grantee makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Grantee is a resident of Vermont, Grantee makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

- 13. Subgranting:** Grantee shall not assign or sub-grant the performance of this Grant or any portion thereof to any other Sub-grantee without the prior written approval of the State. The Grantee must advise its sub-grantees of requirements imposed on them by state laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the State Granting Agency. They must also set up a plan for monitoring their sub-grantees' use of the funds.
- 14. No Gifts or Gratuities:** Grantee shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Grant Agreement.
- 15. Copies:** All written reports prepared under this Grant Agreement will be printed using both sides of the paper.
- 16. Suspension and Debarment:** Non-federal entities are prohibited by Federal Executive Orders 12549 and 12689 from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and non-procurement transaction (grants). By signing this Grant Agreement, current Grantee certifies as applicable, that the grantee organization and its principals are not suspended or debarred by GSA from federal procurement and non-procurement programs.

APPENDIX V

GUIDELINES FOR ATTACHMENT D OTHER GRANT AGREEMENT PROVISIONS

Many grant agreements can be fully described using the materials described in preceding appendices to this bulletin. In some cases, however, agencies will want to add specially tailored provisions not available on preprinted forms or in the main agreement itself. In addition, when granting for professional services, agencies will be required (absent an appropriate waiver) to include a professional liability insurance provision. Attachment D of the Grant Agreement, "Other Provisions", should be used for this purpose.

Some possible "Other Provisions" are suggested below.

1. **Cost of Materials:** Grantees will not buy materials and resell to the State at a profit.
2. **Identity of workers:** The Grantee will assign the following individuals to the services to be performed under the provisions of this Agreement, and these individuals shall be considered essential to performance. [cite individuals]. Should any of the individuals become unavailable during the period of performance, the State shall have the right to approve any proposed successors, or, at its option, to cancel the remainder of the Agreement.
3. **Work Product Ownership:** Upon full payment by the State, all products of the Grantee's work, including: outlines; reports; charts; sketches; drawings; art work; plans; photographs; specifications; estimates; computer programs; or similar documents, become the sole property of the State of Vermont and may not be copyrighted or resold by Grantee.
4. **Prior Approval/Review of Releases:** Any notices, information pamphlets, press releases, research reports, or similar other publications prepared and released in written or oral form by the Grantee under this Grant Agreement shall be approved/reviewed by the State prior to release.
5. **Ownership of Equipment:** Any equipment purchased or furnished to the Grantee by the State under this Grant Agreements provided on a loan basis only and remains the property of the State.
6. **Legal Services:** If the Grantee will be providing legal services under this Grant Agreement, Grantee agrees that during the term of the Grant Agreement he or she will not represent anyone in a matter, proceeding, or lawsuit against the State of Vermont or any of its agencies or instrumentalities. After termination of this Grant Agreement, Grantee also agrees that he or she will not represent anyone in a matter, proceeding, or lawsuit substantially related to this Grant Agreement.
7. **Grantee's Liens:** Grantee will discharge any and all contractors or mechanics' liens imposed on property of the State through the actions of subcontractors.

8. **Performance Bond:** The Grantee shall, prior to commencing work under this Grant Agreement, furnish to the State a payment and performance bond from a reputable insurance company licensed to do business in the State of Vermont, guaranteeing the satisfactory completion of the Grant Agreement by the Grantee and payment of all subcontractors, suppliers and employees.
9. **Professional Liability Insurance:** Before commencing work on this Grant Agreement and throughout the term of this Grant Agreement, Grantee shall procure and maintain professional liability insurance for any and all services performed under this Grant Agreement, with minimum coverage of \$_____ per occurrence.
10. **State Minimum Wage –** The grantee will comply with state minimum wage laws and regulations, if applicable.
11. **Health Insurance Portability and Accountability Act (HIPAA):** The confidentiality of any health care information acquired by or provided to the Grantee shall be maintained in compliance with any applicable State or federal laws or regulations.
12. **Equal Opportunity Plan:** If they are required by the Federal Office of Civil Rights to have a plan, the Grantee must provide a copy of the approval of their Equal Opportunity Plan.
13. **Supplanting:** If required, the Grantee will submit a Certification that funds will not be used to supplant local or other funding.
14. **Compliance with Cost Principles:** Grantee shall comply with the requirements set forth in OMB Circular A-87 (for State and Local Governments including schools), A-122 (for Non Profit organizations), or A-21 (for Higher Education Institutions) as appropriate for the grantee type of organization.
15. **Compliance with Administrative Regulations:** Grantee shall comply with the requirements of OMB Circular A-102 (State & Local Governments and Schools) or A-110 (Institutions of Higher Education, Hospitals, and Non Profit organizations) as appropriate for the grantee's type of organization.